

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: December 14, 2011

FROM: Office of General Counsel
Office of Examination and Insurance

SUBJ: Advance Notice of Proposed
Rulemaking – Access to
Emergency Liquidity

ACTION REQUESTED: Board approval to publish the attached advance notice of proposed rulemaking (ANPR) in the Federal Register for a 60-day comment period.

DATE ACTION REQUESTED: December 15, 2011.

OTHER OFFICES CONSULTED: Regions, OCCU, OSCUI.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Larry Fazio, Director, Office of Examination and Insurance, and Lisa Henderson, Staff Attorney.

SUMMARY: The ANPR requests public comment on whether the NCUA Board should issue a regulation to require federally insured credit unions, as part of their liquidity contingency funding plans, to have access to backup federal liquidity sources for use in times of financial emergency and distressed economic circumstances. NCUA is considering requiring this access be demonstrated by a credit union in one of four ways: (1) becoming a member in good standing of NCUA's Central Liquidity Facility (CLF) directly; (2) becoming a member in good standing of CLF through a corporate credit union; (3) obtaining and maintaining demonstrated access to the Federal Reserve System Discount Window; or (4) maintaining a certain percentage of assets in highly liquid Treasury Securities. If eventually promulgated, the regulation would be added to 12 C.F.R. Part 741, Requirements for Insurance, so as to apply uniformly to both federal and state chartered credit unions. The regulation would apply to natural person credit unions and corporate credit unions.

RECOMMENDED ACTION: The NCUA Board issue the attached ANPR.

ATTACHMENT: ANPR.